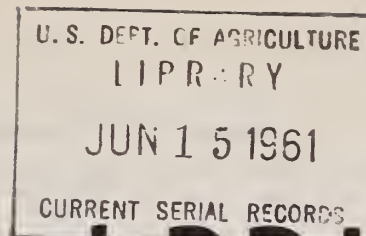


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September 1960  
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SEPT. 26, A. M.

# DEMAND and PRICE SITUATION

DPS-69



Approved by the Outlook and Situation Board, September 20, 1960

## SUMMARY

Business trends showed little overall change between July and August, indicating that business activity has held stable near the levels of spring and early summer. With retail sales of durable goods and the flow of new orders to manufacturers weakening, there was a decline in output of durable goods and some liquidation in manufacturing and trade inventories in July, following big inventory accumulations in the first half of 1960. Consumer purchases eased in the third quarter; declines in sales of furniture and appliances reflected, in part, the low level of new housing activity. Retail sales of nondurable goods held steady in July-August at levels above a year ago with sales by food stores up 4 percent. Businessmen revised their plans for new plant and equipment expenditures in the last half of 1960 to an annual rate of about \$37 billion, a tenth above a year ago.

Cash receipts from farm marketings were 4 percent above a year earlier in July and August, and in the first 8 months of 1960 totaled \$19.5 billion, slightly higher than the same period of 1959. A 3 percent rise in volume of marketings more than offset lower prices. Crop receipts so far in 1960 are about 3 percent above a year ago, due mainly to a higher volume of marketings. Receipts from livestock and products were down 2 percent, as the drop in average prices received more than offset a 2 percent increase in the volume of marketings.

(Continued on page 3)

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AGRICULTURAL MARKETING SERVICE  
UNITED STATES DEPARTMENT OF AGRICULTURE

## ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1959		1960			
		Year	Aug.	May	June	July	Aug.
Industrial production, seasonally adj. <u>1/</u>	1947-49=100	159	157	167	166	166	165
All manufactures	do.	158	157	166	165	165	164
Durable goods	do.	165	159	174	171	172	170
Nondurable goods	do.	155	159	162	163	163	162
Mining	do.	125	120	128	128	129	130
Utilities	do.	268	269	286	289	291	291
Construction:							
Total outlays, seasonally adjusted <u>2/</u>	Mil. dol.	56,105	4,777	4,611	4,608	4,581	4,543
Public construction	Mil. dol.	16,257	1,330	1,362	1,340	1,363	1,347
Private residential	Mil. dol.	24,469	2,108	1,848	1,864	1,813	1,775
Housing starts <u>3/</u> *	Thousands	1,517	1,450	1,342	1,302	1,184	1,275
Manufacturers' sales and inventories: <u>2/</u>							
Total sales, seasonally adjusted	Mil. dol.	29,758	29,268	30,990	30,780	30,560	
Durable goods	Mil. dol.	15,359	14,008	15,060	14,880	14,810	
Unfilled orders-sales ratio <u>5/</u>		3.25	3.37	2.96	2.99	3.02	
Inventory-sales ratio <u>6/</u>		1.73	1.78	1.78	1.79	1.80	
Durable goods		1.96	2.15	2.13	2.16	2.16	
Employment and wages: <u>7/</u>							
Total civilian employment	Millions	65.6	67.2	67.2	68.6	68.7	68.3
Nonagricultural	do.	59.7	60.9	61.4	61.7	61.8	61.8
Unemployment	do.	3.8	3.4	3.5	4.4	4.0	3.8
Workweek in manufacturing	Hours	40.3	40.5	39.9	40.0	39.8	39.7
Hourly earnings in manufacturing	Dollars	2.22	2.19	2.29	2.29	2.29	2.27
Income and spending:							
Personal income payments <u>2/</u> <u>3/</u>	Bil. dol.	383.3	383.3	404.7	406.1	407.3	407.6
Consumer credit outstanding <u>1/</u>	Mil. dol.	52,046	48,841	52,831	53,497	53,653	
Automobile	Mil. dol.	16,590	16,288	17,481	17,807	17,946	
Total retail sales, seasonally adj. <u>2/</u>	Mil. dol.	17,930	18,110	18,480	18,576	18,165	18,154
Durable goods	Mil. dol.	5,962	6,095	6,080	6,011	5,705	5,701
Inventory-sales ratio <u>6/</u>		1.36	1.37	1.36	1.36	1.39	
Prices:							
Wholesale prices, all commodities <u>4/</u>	1947-49=100	120	119	120	120	120	119
Commodities other than farm and food	do.	128	128	128	128	128	128
Farm products	do.	89	87	90	89	89	86
Foods processed	do.	107	106	107	108	109	108
Consumer price index, all items <u>4/</u>	1947-49=100	125	125	126	126	127	
Food	do.	118	118	120	120	121	
Prices received by farmers <u>8/</u>	1910-14=100	240	239	241	236	238	234
Crops	do.	221	220	228	221	226	218
Livestock and products	do.	256	255	252	248	249	247
Prices paid, interest, taxes and wage rates <u>8/</u>	1910-14=100	298	297	301	299	298	298
Family living items	do.	289	288	291	290	290	290
Production items	do.	266	266	267	265	263	262
Parity ratio <u>8/</u>		81	80	80	79	80	79
Farm income and marketings: <u>8/</u>							
Volume of farm marketings	1947-49=100	128	128	104	116	128	140
Cash receipts from farm marketings	Mil. dol.	33,146	2,760	2,298	2,464	2,687	2,900

Annual data for most of these items for years 1929, 1939, 1941 and 1946-59 appear on page 40 of the April 1960 issue of The Demand and Price Situation.

1/ Federal Reserve Board. 2/ U. S. Department of Commerce. 3/ Seasonally adjusted annual rates.  
4/ U. S. Department of Labor, Bureau of Labor Statistics. 5/ Unfilled orders for durables divided by monthly deliveries. 6/ Inventories, book value, end of month, divided by sales. 7/ Bureau of the Census.  
8/ U. S. Department of Agriculture, Agricultural Marketing Service. \*Beginning May 1960 the series for housing starts includes farm and private nonfarm units. The nonfarm series has been adjusted for under coverage and different seasonal adjustment factors. Data for the new series are available back to January 1959.



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T H E   D E M A N D   A N D   P R I C E   S I T U A T I O N  
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Approved by the Outlook and Situation Board, September 20, 1960

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In August the preliminary estimate of cash receipts from marketings was up 5 percent from August 1959 as the larger volume of marketings more than offset lower prices. Prices received by farmers in mid-August averaged 2 percent below July 1960 and August 1959. Prices of meat animals declined 4 percent between July and August, with beef cattle and calves down the most. Vegetables and potato prices declined more than seasonally. Dairy and egg prices rose. Prices on major central markets in mid-September averaged about the same as in mid-August.

Farm output in 1960, based on September 1 conditions, is expected to reach an all-time high of 128 (1947-49=100),  $1\frac{1}{2}$  percent above last year. Total feed grain production is estimated at only 2 percent below 1959, reflecting improvement in the prospects for 1960 crops of sorghum grains and corn. The 1960 soybean crop is expected to be 566 million bushels, 5 percent above last year. The composite yield per acre on 28 leading crops advanced to 140 (1947-49=100), second only to the 143 of 1958.

The 21 percent rise in agricultural exports from fiscal years 1958-59 to 1959-60, to a total of \$4.5 billion, reflected almost entirely a rise in dollar transactions. Forty percent of the increase was in unassisted dollar

exports, and most of the balance in exports of cotton under the payment-in-kind program. The rise in dollar sales contributed significantly to the reduction in the U. S. balance of payments deficit, particularly in January-June 1960.

### Commodity Highlights

Cattle and sheep marketings will be higher and prices lower this fall than last. The decline in hog production is slowing down and will probably end in 1961. Producers in 10 Corn Belt States reported in September they plan to farrow 4 percent more sows in December-February than last winter.

Egg prices in early September were above a year ago; production was slightly below last year and is expected to continue lower well into 1961. Prices received by farmers for broilers in mid-August were  $6\frac{1}{2}$  percent higher than last year. Central market prices have slipped some in recent weeks.

Supplies of edible fats, oils, and oilseeds will be just a bit smaller in the 1960-61 marketing year than in the current season. Smaller supplies of lard than a year ago are expected to more than offset the small increase in prospect for cottonseed oil and butter.

Another record supply of feed grains is assured; total production was estimated on September 1 to be only 3 million tons below the record last year. With a big increase in the carryover, total supply for 1960-61 is estimated at 3 percent above 1959-60.

Prices of most classes of wheat are holding fairly close to effective support, largely as a result of large quantities placed under loan and withholding of wheat by farmers.

Prospects for the 1960-61 citrus crop declined due to hurricane damage to the Florida crop on September 10 and 11.

Production of fresh market vegetables this fall is expected to be moderately larger than in 1959, and prices received by growers are likely to average moderately below those of last fall.

Supplies of potatoes during the fall and winter are expected to be a little larger than those of a year ago.



The supply of cotton during 1960-61 is estimated at about 22.2 million running bales, about 1.4 million bales less than during the preceding season, due to a smaller starting carryover.

The 1960 flue-cured tobacco crop was estimated on September 1 at 1,203 million pounds, 11 percent larger than last year's harvest. Total supply is slightly above 1959-60 but a tenth below the peak of 4 years ago.

### GENERAL BUSINESS CONDITIONS

Business trends in July and August changed little from those of April-June. Retail sales declined some mostly due to slippage in autos and appliances. Businessmen reduced the book value of their inventories in July by \$100 million, compared with a substantial accumulation in the first half of 1960. Business capital spending plans for the coming months are now indicated to be about 10 percent above a year ago. Industrial production and employment, after seasonal adjustment, dipped in August.

#### Consumer Incomes

##### At Record

Personal income in August was at an annual rate of \$407.6 billion, slightly above July, and some 6 percent above a year earlier. Higher wage and salary payments accounted for about two-thirds of the rise over the last year. Wage and salary payments in manufacturing in August were 4 percent above a year ago, compared with a 7 percent gain in distributive and service trades, and 7 percent in Government. Employment in manufacturing, particularly in durable goods industries, has declined 284,000 since January in contrast with modest gains of around 300,000 in private nonmanufacturing and 180,000 in Government. Average hourly earnings in manufacturing have changed little since early 1960, but they have been above a year earlier.

With income up from last year, consumers purchased 5 percent more goods and services in the second quarter of 1960 than a year earlier. Expenditures for nondurable goods and services were up 4 and 8 percent. Expenditures for durable goods were unchanged between the second quarters of 1959 and 1960. Between the second quarter of 1958 and 1959 they increased a fifth. In July-August retail sales dipped from the April-June average with the largest declines in durable goods.

Auto Sales Up 8 Percent  
from 1959

The number of dealers' sales in July and August declined below the second quarter annual rate of over 6 million cars, but were running close to year ago levels. Production was reduced by extensive plant shutdowns for model changeover, and inventories dropped below a million units for the first time since March. By mid-September production of 1961 models was rising rapidly.

For the 1960 model year just ended, domestic production plus imports totaled 6.6 million units, second only to 1955 and 8 percent above 1959. Increased consumer incomes, greater use of credit, and favorable acceptance of compact cars were important factors underlying the rise in the number of cars sold from 1959 to 1960.

The character of the auto market shifted substantially in the 1960 model year. Compact cars--domestic and foreign imports--combined captured about a third of the U. S. auto market, compared with about 2 percent 5 years ago. With the rise in sales of domestic compacts, registrations of foreign imports dipped in the second quarter of 1960 to a 500,000 annual rate from 600,000 in early 1960. This is the first drop in demand for foreign cars since they became an important factor in the auto market. Sales of compacts rose over 200 percent from 1959 to 1960. This resulted in a 12 percent drop in sales of other cars, practically all of which occurred in the lower priced "big three" standard models.

The shift in the composition of auto sales resulted in some lowering of the average new car cost to consumers. As a result, the value of sales was up less than the number of units sold. The impact of the shift in the character of the auto market along with heavy stocks, has resulted in a decline in new car prices. The urban consumer price index for new cars in July was about 1 percent below a year earlier. Used car prices, which compete for sales with new compacts, in July were 9 percent below a year ago.

Furniture and Appliance  
Sales Down

Consumers increased their purchases of furniture and household equipment by 13 percent from the second quarters of 1958 to the end of 1959. During 1960 purchases have tended to decline and in the second quarter they were down nearly 3 percent from the final quarter of 1959. In July-August retail sales of furniture and appliance stores were 5 percent below a year ago. Rising consumer incomes along with an increased volume of housing starts accounted for much of the rise in purchases in late 1958 and 1959. However, residential construction has declined over the past year, and outlays for construction in August 1960 were 16 percent below a year ago.



Table 1.--Automobiles: consumption, sales, inventories, production and consumer prices, second quarter 1959--second quarter 1960 and July 1960 1/

Item	Unit	1959			1960		
		II	III	IV	I	II	July
Consumption expenditures:							
Automobiles and parts	Bil.dol.	18.9	18.2	17.4	18.5	18.9	<u>2/</u>
Retail sales, automotive group	Mil.dol.	3,416	3,303	3,106	3,362	3,437	3,026
Retail inventories, automotive group <u>3/</u>	Mil.dol.	5,060	4,830	4,260	4,950	5,140	5,210
Index of auto production	1957=100	109.9	99.6	77.7	124.1	120.1	<u>4/</u> 111.1
New car prices, consumer price index	1947-49=100	138.7	136.3	143.0	139.9	137.6	136.1

1/ Seasonally adjusted except for new car prices; sales and prices are monthly averages, consumption expenditures are annual rates. 2/ Not available. 3/ End of period 4/ July-August average.

Departments of Commerce and Labor and Federal Reserve Board.

Table 2.--Furniture and appliances; consumption, sales, inventories production and consumer prices, second quarter 1959--second quarter 1960 and July 1960 1/

Item	Unit	1959			1960		
		II	III	IV	I	II	July
Consumption expenditures:							
Furniture and household equipment	Bil.dol.	19.0	19.1	19.2	18.9	18.7	<u>2/</u>
Retail sales, furniture and appliances	Mil.dol.	931	936	921	900	909	903
Retail inventories, furniture and appliances <u>3/</u>	Mil.dol.	1,960	2,000	2,010	2,010	2,050	2,100
Index of home goods production	1957=100	114.8	119.9	121.9	118.1	118.7	<u>4/</u> 117.9
Durables less cars, consumer price index	1947-49=100	103.3	103.2	103.3	103.5	103.4	103.

1/ Seasonally adjusted except for consumer prices of durables less cars; sales and prices are monthly averages, consumption expenditures are annual rate. 2/ Not available. 3/ End of period. 4/ July-August average.

Departments of Commerce and Labor and Federal Reserve Board.

The Federal Reserve Board's index of production of home goods (mostly furniture and appliances), followed a similar trend. It reached a peak in the final quarter of 1959, followed by a moderate decline since. Production of television and radio sets and furniture and rugs have held up well in 1960, while appliance output is off 15 percent between December and July. Among the major appliances, output of vacuum cleaners and laundry equipment was down the most, with refrigerator and home freezer output down moderately.

Retail inventories of furniture and appliances have increased \$50-\$60 million in 1960, and apparently manufacturers are also holding larger stocks of finished goods. As a result of the relatively heavy inventory position, and slow sales, prices at retail levels have weakened some in recent months.

#### Consumer Credit Rise Slackens

Consumer credit outstanding, seasonally adjusted, rose \$249 million during July. This increase was \$80 million less than May and June and the smallest since November 1958. The dip in durable goods sales is reflected in the decline in automobile and other consumer goods paper. Automobile paper increased only \$28 million in July compared with \$223 million a year earlier. Credit outstanding for other consumer durable goods paper rose only \$48 million, a little more than a third as much as a year earlier. However, personal loans in July 1960 were up \$36 million from July 1959 to \$156 million.

#### Nondurable Sales Strong

Retail sales of nondurable goods in July-August were about the same as the second quarter average but 3 percent above a year ago. Production of consumer nondurable goods was above a year ago, and inventories were low relative to sales.

#### Business Liquidates Inventories

The most important factor influencing economic trends in recent months has been the slowing in accumulation of manufacturing and trade inventories in the first half of 1960 and the beginning of inventory liquidation in July for the first time since last fall. The ratio of stocks to sales, a measure of the relative volume of inventories, has increased in the past year. For durable goods, stock-sales ratio rose from 1.85 to 2.04. For nondurable goods, the ratios in July 1960 were about the same as a year earlier. In general, the ratios are lower than in the two previous comparable expansion periods in 1953 and 1957.



Table 3.--Nondurable goods; consumption, sales, inventories, production and consumer prices second quarter 1959-second quarter 1960 and July 1960 1/

Item	Unit	1959			1960		
		II	III	IV	I	II	July
Consumption expenditures, non-durable goods	Bil. dol.	147.7	148.0	149.6	150.5	153.5	<u>2/</u>
Retail sales, nondurable goods	Mil. dol.	11,989	12,054	12,099	12,185	12,501	12,488
Retail inventories, nondurable goods <u>3/</u>	Mil. dol.	13,140	13,270	13,330	13,480	13,480	13,460
Industrial production, apparel and staples	1957=100	110.6	111.4	111.6	112.5	114.9	<u>4/</u> 115.5
Consumer price index:							
Food	1947-49=100	118.1	118.8	118.0	117.6	119.8	120.6
Nondurables less food	1947-49=100	117.6	118.7	119.8	119.4	119.6	119.9

1/ Seasonally adjusted except for prices; sales and prices are monthly averages, consumption expenditures are annual rates.

2/ Not available.

3/ End of period.

4/ July-August average

Departments of Commerce and Labor and Federal Reserve Board.

Table 4.--Manufacturers' new orders, sales, unfilled orders, inventories and production of durable goods, seasonally adjusted, second quarter 1959-second quarter 1960 and July 1960

Item	Unit	1959			1960		
		II	III	IV	I	II	July
Durable goods:							
Manufacturers' new orders <u>1/</u>	Bil. dol.	15.7	14.7	14.5	14.5	14.7	14.1
Manufacturers' sales <u>1/</u>	Bil. dol.	15.5	14.5	14.2	15.4	15.0	14.8
Manufacturers' unfilled orders <u>1/</u> <u>2/</u>	Bil. dol.	47.0	47.4	48.2	46.9	44.8	44.8
Manufacturers' inventories <u>3/</u>	Bil. dol.	30.2	29.8	30.1	31.8	32.2	32.0
Industrial production, durable goods	1957=100	107.9	100.0	99.3	109.4	106.1	<u>4/</u> 105

1/ Monthly average.

2/ Not seasonally adjusted.

3/ End of period.

4/ July-August average.

Department of Commerce and Federal Reserve Board.



New orders placed with manufacturers have declined in recent months. In July the volume of new orders at \$29.4 billion was \$1.3 billion below December with most of the decline in durable goods. Manufacturers' sales also have declined. In addition, an easy supply situation and relatively stable prices have contributed to the cutback in inventory investment. Manufacturers' shipments have exceeded incoming business and resulted in a drop in unfilled orders from \$48.3 billion last fall to \$44.8 billion in July. Although about half the drop in unfilled orders occurred in iron and steel, transportation equipment and fabricated metal producers were also down sharply.

The easing in sales and new orders of durable goods has contributed to some decline in manufacturing production. Durable goods production at 104 (1957=100) was 6 percent below January. Output of nondurables in August at 115 was a point below July but 2 percent above early 1960. Iron and steel production has been cut back sharply and in August was 34 percent below January. Weekly reports of production in mid-September indicate output was 54 percent of capacity, about the same as in mid-August.

### Capital Spending to Level Out

Businessmen are planning to maintain their spending in the last half of 1960 on new plant and equipment at an annual rate of \$36.9 billion, up slightly from the revised second quarter rate of \$36.3 billion. The recent survey of capital spending plans of business, conducted by the Securities and Exchange Commission and the Department of Commerce, estimates that total spending in 1960 will be \$36.4 billion, 2 percent lower than the previous estimates, but 12 percent above 1959. The expected high level of capital spending should help sustain economic activity for the rest of 1960. The Federal Reserve Board's index of production of business equipment in August was up 2½ percent from a year ago.

Table 5.--Expenditures for new plant and equipment by U. S. Business 1/ quarterly, 1959-60, seasonally adjusted annual rates

Item	1959		1960			
	Oct.-Dec.	Jan.-Mar.	Apr.-June	July-Sept. <u>2/</u>	Oct.-Dec. <u>2/</u>	
	<u>Bil. dol.</u>	<u>Bil. dol.</u>	<u>Bil. dol.</u>	<u>Bil. dol.</u>	<u>Bil. dol.</u>	
Manufacturing	12.85	14.10	14.70	14.60	14.80	
Durable goods industries	6.15	7.15	7.40	7.30	7.30	
Nondurable goods industries	6.70	6.95	7.30	7.30	7.50	
Mining	1.05	1.00	1.05	1.10	1.10	
Railroad	.85	1.00	1.10	1.10	1.00	
Transportation other than rail	2.15	2.00	2.15	2.20	2.20	
Public utilities	5.50	5.75	5.70	6.00	6.10	
Commercial and other <u>3/</u>	11.20	11.35	11.60	11.90	11.90	
Total	33.60	35.15	36.30	36.90	36.90	

1/ Data exclude expenditures of agricultural business and outlays charged to current account. 2/ Estimates are based on anticipated expenditures reported by business in late July and August 1960. 3/ Includes trade, service, finance, communication and construction.

Securities and Exchange Commission and Department of Commerce.



### Construction Outlays Decline

Private business construction outlays (industrial, commercial and public utility) were 6 percent above a year earlier in August. Industrial construction was up 28 percent, public utilities were 5 percent higher while commercial was down 5½ percent. Nonfarm residential construction outlays in August were at an annual rate of \$21.3 billion, down 16 percent from \$25.3 billion a year earlier. Highways and public school construction have tended to rise since January. Construction outlays in August were at an annual rate of \$54.5 billion, compared with \$55.0 in July, and down about 5 percent in dollar volume and 6 percent in physical volume from August 1959.

### Industrial Prices Steady

In August the Bureau of Labor Statistics' index of wholesale industrial prices at 128.2 (1947-49=100) was about the same as a year earlier. Reflecting a strong final demand, wholesale prices of nondurable goods were higher than a year earlier. Prices of nondurable finished goods other than food averaged about 1 percent above a year ago. Textile products and apparel, fuel, chemicals and paper were higher. In contrast prices of durable goods were down fractionally from a year ago compared to a strong uptrend in recent years. Lumber and wood products, furniture and household durables and steel mill products were below a year ago, while machinery and equipment, including agricultural machinery were above a year ago.

### Agricultural Prices Decline

In mid-August the index of prices received by farmers at 234 (1910-14=100) compared with 238 in July and 239 in August 1959. Increased marketings reduced the price index for meat animals 4 percent from July. Vegetable and potato prices declined much more than usual. Egg prices increased enough to more than offset declines in chickens. Dairy product prices rose slightly more than seasonal primarily due to higher prices for wholesale milk. In mid-September prices on major central markets averaged about the same as mid-August. Further declines in beef/cattle prices and lower quotations for some grains were partly offset by increases in eggs and butter.

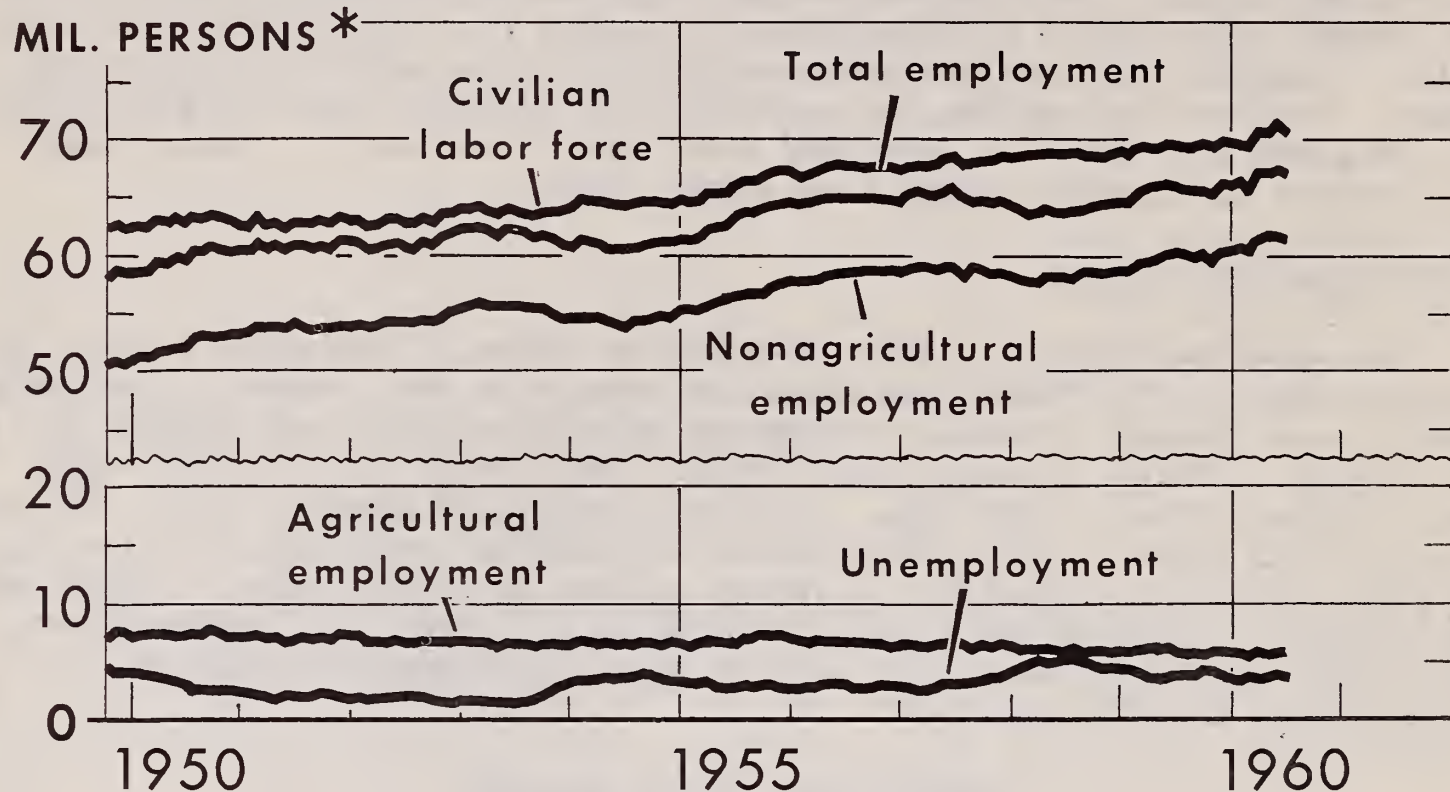
Prices paid by farmers including interest, taxes and wage rates were unchanged between July and August, at a level slightly higher than a year earlier. With farm product prices averaging lower, the August parity ratio dropped to 79, 1 point below both a month and a year earlier.

### Trends in the Labor Force and Employment

There were 68.3 million persons at work in the United States in August, the highest number for the month on record. Unemployment was at a level of 3.8 million. After adjusting for seasonal factors, unemployment was equal to 5.9 percent of the labor force compared with 5.4 percent a year ago.



# LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT



SOURCE: U. S. DEPARTMENT OF LABOR  
\* 14 YEARS OF AGE AND OVER

MONTHLY DATA, SEASONALLY ADJUSTED

U. S. DEPARTMENT OF AGRICULTURE

NEG. 8050-60 (9)

AGRICULTURAL MARKETING SERVICE

Employment rose by about 7 million from the 1947-49 period to 1959. Over the same period, the labor force (excluding those in the armed forces) increased by about 8 million so that unemployment increased from 4.5 to 5.5 percent of the labor force.

Employment expanded in service (lodging places, personal services, and motion pictures), manufacturing, construction, trade, government, and finance, insurance and real estate. Employment in agriculture and mining declined almost steadily over the period, reflecting the rapid pace of technological advance in those industries. Manufacturing and construction employment passed their peaks in 1956 although the number of workers they employed in 1959 was still well above 1949. Employment in transportation and public utilities leveled off after 1953 and then turned down in 1958, registering a slight drop in employment over the decade as a whole.

Employment in each "service" industry expanded in every year from 1949 to 1959, through business recession and expansion alike. These industries accounted for about 51 percent of total employment in 1949; by 1959 this proportion had risen to 56 percent. These changes in the industrial distribution of employment reflect both the extension of automation and other technological advances of a labor-saving nature in the "goods" producing industries and the relatively more rapid growth in consumer expenditures for services than for both durable and nondurable goods as consumer incomes rise.



Table 6 ---Nonagricultural employment by industries and agriculture, annually 1949 to 1959, with percentage change

Occupation	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	Percentage change 1949 to 1959
Nonagricultural employment	43,315	44,738	47,347	48,303	49,681	48,431	50,056	51,766	52,162	50,543	51,975	20.0
Manufacturing	14,178	14,967	16,104	16,334	17,238	15,995	16,563	16,903	16,782	15,468	16,168	14.0
Mining	918	889	916	885	852	777	777	807	809	721	676	-26.4
Construction	2,165	2,333	2,603	2,634	2,622	2,593	2,759	2,929	2,808	2,648	2,767	27.8
Transportation and public utilities	3,949	3,977	4,166	4,185	4,221	4,009	4,062	4,161	4,151	3,903	3,902	1.2
Wholesale and retail trade	9,513	9,645	10,012	10,281	10,527	10,520	10,846	11,221	11,302	11,141	11,385	19.7
Finance, insurance and real estate	1,765	1,824	1,892	1,967	2,038	2,122	2,219	2,308	2,348	2,374	2,425	37.4
Service	4,972	5,077	5,264	5,411	5,538	5,664	5,916	6,160	6,336	6,395	6,525	31.2
Federal, state and local government	5,856	6,026	6,389	6,609	6,645	6,751	6,914	7,277	7,626	7,893	8,127	38.8
Agriculture <sup>1/</sup>	8,017	7,497	7,048	6,792	6,555	6,495	6,718	6,572	6,222	5,844	5,836	-27.2

<sup>1/</sup> Bureau of Census, U. S. Dept. of Commerce.

U. S. Department of Labor.

The Labor Force During  
the Sixties

Most of the new entrants into the labor force will consist of young persons between 18 and 21 and women over 44. Studies by the Bureau of the Census indicate that the number of persons reaching age 18 each year will average about 3.2 million during 1960-65, and will increase to close to 4 million a year during 1965-70. These figures compare with an annual average of about 2.2 million persons reaching this age each year during 1950-60. More persons in this age bracket will be attending college than in the Fifties but these numbers indicate a sharp increase in young persons who will be seeking work in the current decade, regardless of any lengthening in the average number of years spent in school. The percentage of women over 44 who re-enter the labor market after they no longer have young children to care for has been high since World War II and a higher rate has been projected for the sixties. There were 5.8 million women 45 and over in the labor force in 1950. The estimated number for 1960 is 9.1 million and the Census Bureau has projected an increase to 12.2 million by 1970.

Table 7.--Employment by industry as a percentage  
of total employment, 1949 and 1959

Industry	:	1949	:	1959
	:	Percent	:	Percent
Total employment	:	100	:	100
Goods producing industries	:	49	:	44
Agriculture	:	16	:	10
Manufacturing	:	28	:	28
Mining	:	2	:	1
Construction	:	4	:	5
Service producing industries	:	51	:	56
Transportation and public utilities	:	8	:	7
Wholesale and retail trade	:	19	:	20
Miscellaneous service	:	10	:	11
Finance, insurance and real estate	:	3	:	4
Federal, state and local government	:	11	:	14
	:		:	



Table 8.--Consumer income and spending for goods and services, 1947-49 and 1959

Item	1947-49	1959	Percent change
	<u>Bil. dol.</u>	<u>Bil. dol.</u>	<u>Percent</u>
Disposable personal income	183.0	337.3	84.3
Purchases of durable goods	22.6	43.4	92.0
Purchases of nondurable goods	96.2	147.6	53.4
Purchases of services	56.1	122.8	118.9

U. S. Department of Commerce.

This large influx into the labor market will be partly offset by an increasing percentage of those persons over 65 withdrawing from the labor force. Even so, the projected net increase in the labor force from 1960 to 1970 according to the Census Bureau, will be about 13.5 million compared with a net increase of 9 million during the previous decade. The gain in the number of young persons will mean an increase in persons with a high propensity to consume and the greater proportion of retirees in the population will mean more consumers who are not producers.

#### Continuing Growth in Service Industries

Consumer expenditures will probably continue to expand in the direction of more services relative to goods. Labor productivity is relatively lower in the service industries so that labor needs in this sector will probably increase sharply. On the other hand, automation can be expected to continue to reduce the need for labor relative to output in the goods sector, particularly in manufacturing.

#### BALANCE SHEET OF AGRICULTURE 1960

The value of farm assets climbed to a new record of \$203.6 billion on January 1, 1960. The increase of \$1.3 billion in 1959 compared with \$16 billion in 1958, \$10 billion in 1957 and \$8 billion in 1956. In 1959, the value of farm real estate rose \$4 billion, less than in any of the three preceding years. Farm machinery and motor vehicles on farms increased in value about \$700 million in 1959. The value of farmer-owned inventories of livestock and crops declined about \$3 billion in 1959, due mainly to lower prices of cattle and hogs, a change in the cotton price-support program and a smaller wheat crop. The farmers financial assets (deposits, currency, U. S. Savings bonds and investment in cooperatives) declined \$700 million in 1959, largely as a result of the cost price squeeze.



Farm debts, excluding price support loans, increased about \$2 billion or 10 percent to \$22.9 billion. Although the value of farm debt has nearly doubled since 1950 it represented only 12% of the value of farm assets on January 1, 1960, compared with 10 percent on January 1, 1950. Farm mortgage debt reached \$12.3 billion at the beginning of this year, up 9 percent in 1959 compared to a 7 percent rise in 1958. Non-real estate debt, excluding CCC loans rose about 12 percent in 1959, the same as in 1958. Compared with a year ago farm debts relative to assets rose from 10.3 percent to 12.5 percent. Farm foreclosures and distress transfers were down about 1.5 percent during the year ending March 1, 1960.

#### FARM INCOME

Cash receipts from farm marketings averaged 4 percent above a year ago in July and August. In January-August 1960, they totaled \$19.5 billion, slightly above the comparable period of 1959. The physical volume of marketings was up about 3 percent, but prices received by farmers averaged lower by nearly the same percentage. Receipts from livestock and products for the first 8 months of 1960 amounted to \$12.1 billion--2 percent below 1959--due largely to lower receipts from cattle and calves. Marketings of cattle and calves were up 5 percent, but this increase was more than offset by the drop in prices received. Through August, the 1960 receipts from dairy products were up nearly 3 percent over a year earlier and receipts from poultry--were 5 percent larger. Cash receipts from crops totaled \$7.4 billion for the 8 months, or about 3 percent above a year earlier. Receipts from corn, rice and soybeans were up due to larger marketings. Larger receipts from hay, dry edible beans, potatoes, and several truck crops reflect higher average prices received. Receipts from wheat reflect both larger marketings and higher average prices. Partly offsetting these increases were reduced receipts from cotton, oranges, tobacco, sorghum grain, and barley.

The preliminary estimate of cash receipts for August 1960 was \$2.9 billion, 5 percent above August 1959. Receipts from livestock and products, placed at \$1.6 billion, were up 5 percent with larger receipts from hogs, milk, broilers, and eggs accounting for the increase. Lower receipts from cattle and calves, due to lower prices, were partly offsetting. Receipts from crops, estimated at \$1.3 billion, were also 5 percent above August 1959 with larger marketings of wheat and higher average prices received for potatoes responsible for much of the increase.

#### LIVESTOCK AND MEAT

Increases in cattle and sheep production during 1960 will result in larger marketings and lower prices this fall than last. Hog slaughter is increasing seasonally but will continue below a year earlier this fall and winter and prices will be higher. Total red meat supplies per person in 1960 probably will be down about a pound from 1959 with a reduction in pork more than offsetting the gain in beef.

On July 1, the number of cattle and calves on feed in 21 States was 4 percent greater than a year earlier. Fed cattle marketings for July-August were a little larger than a year before. The number of well-finished cattle for marketing this fall may be a little larger than last fall. Prices this fall are expected to continue close to current levels but could advance moderately late this year unless grass cattle marketings are unusually large.

Prices of feeder cattle recently have been below year-earlier levels by a greater margin than fed cattle. The supply of young cattle is greater than last year and increasing marketings will probably cause prices of feeders to decline. But the decline is likely to be moderated by fairly good prospects for average feeding returns.

The decline in hog production which began late last fall is slowing down and will probably end in 1961. This year's spring pig crop was 16 percent smaller than in 1959. Producers in 10 Corn Belt States reported in September that they plan to reduce fall farrowings by 3 percent. They also report intentions to farrow 4 percent more sows in December-February than last winter. If the entire 1961 spring crop should show an increase, as now seems likely, the downswing in production would be the shortest on record.

Hog slaughter rates picked up in August but averaged 7 percent below a year ago. Prices declined contraseasonally but regained part of the loss in early September. Hog prices are expected to decline seasonally this fall but will continue well above prices last fall. The trend toward earlier farrowings was interrupted this year and market supplies of 1960 spring pigs will likely reach a peak late in the year.

Prices of hogs will probably continue above a year before through the first half of 1961. Prices in the fall of 1961 will probably be below this fall if the total spring pig crop is up from this year.

The average price to farmers for lambs in August was \$17.40 per 100 pounds, \$2.00 below a year earlier. Lambs are coming off Western ranges at lighter weights this fall, providing for considerable flexibility in feeding operations. Moreover, generally favorable returns to lamb feeding last year may encourage feeders to place more on feed this fall than last. Hence, sheep and lamb prices will probably hold up better this fall than in late 1959.

#### DAIRY PRODUCTS

With seasonal declines in milk production, prices of some dairy products have increased in the past month. Compared with a year earlier, wholesale prices are a little higher for American cheese and evaporated milk, lower for butter and cream, with no changes in other major items. For several months, ending with August, the average prices received by farmers for all milk sold were about 1 percent over a year earlier.



On September 19, 1960, the USDA announced increases in purchase prices for butter of 2.5 cents per pound, American cheese, 1.5 cents, and nonfat dry milk, 0.5 cents. This was made pursuant to Public Law-799 of the 86th Congress, approved by the President on September 16, 1960, raising the minimum support levels on manufacturing milk from \$3.06 to \$3.22, per 100 pounds, and on butterfat from 56.6 to 59.6 cents, per pound, for the balance of this marketing year which ends March 31, 1961. This action will have little immediate effect. The price of manufacturing milk in August was the equivalent of \$3.29 per 100 pounds of milk testing 3.9 percent fat, and the current prices for butter and cheese are above the new purchase prices. However, the price of nonfat dry milk will be increased about the full half-cent per pound, the equivalent of 4 cents per hundredweight, or a little over 1 percent, for manufacturing milk. Later in the marketing year butter, and possibly cheese, will be maintained at higher levels than probably would have prevailed under the previous support levels. The higher buying prices apply only to products produced on or after September 17, 1960.

Production of milk has been declining seasonally since early June but in recent weeks the decline has been a little less than a year earlier. In early September production of butter and cheese showed larger increases over a year earlier than at any time in nearly two years for cheese and 4 years for butter. During August, milk production was up 1 percent over a year earlier, about the same as the average for the first seven months of 1960. Total output in the first 8 months was 88.0 billion pounds compared with 87.2 billion a year earlier. The total for 1959 was 124.4 billion pounds, 1.5 billion below the 1957 peak.

Consumption per person of milk products this year may be a record low, probably under 670 pounds, milk equivalent fat solids basis, compared with 678 pounds in 1959 which was 9 percent below the 1947-49 average. Use of butter from commercial sources in the first half of 1960 was larger than a year earlier but distribution from CCC supplies was considerably smaller. Use of milk solids not-fat per capita will be near a record high this year.

Practically all the surplus of milkfat produced this year has been sold to CCC in butter--cheese sales have been negligible. No sales to CCC of either item have been made for several weeks. The milk equivalent of butter and cheese sold to CCC so far this calendar year has been nearly equal to a year earlier but the volume of nonfat dry milk is running larger.

#### POULTRY AND EGGS

Egg and poultry prices in early September were above the year before. Supplies of poultry meat exceeded 1959, but egg production was below last year and is likely to continue so well into 1961.

The U. S. average egg price to farmers in mid-August was 34.2 cents per dozen, 3.1 cents above last August. From mid-August to early September, most egg prices increased further and for the rest of the year they are likely to continue above corresponding 1959 prices.



Egg production on September 1 was less than 1 percent below last year, reflecting the 4 percent smaller laying flock and the 3 percent higher rate of lay. Because of the 15 percent cut in the number of replacement chickens raised this spring, flock size will continue below the year before. On September 1, potential layers on farms (chickens laying and not laying) were 7 percent fewer than the year before.

Farmers have culled their flocks lightly this year partly because of the reduced number of replacement pullets available, and partly because of higher egg prices, both expected and actual. As a consequence, prices of hens for meat have been higher than the summer and fall of 1959. The mid-August price, 12.0 cents per pound, was almost 2 cents higher than August 1959.

Prices for broilers, the most important class of poultry meat, have also been higher than last summer. The mid-August average of 16.6 cents was a penny higher than last year. Recently, broiler prices have slipped. They are likely to decline further in the remaining months of the year as demand declines seasonally with the end of summer. The number of broilers now growing is about 5 percent larger than last year.

Recent turkey slaughter has been about 25 percent by weight above last year, but October and November slaughter is likely to be at or below the year-ago level, reflecting the reductions from last year in the April-June hatches. The total crop this year--82 million birds--equals last year's record, but the seasonal distribution, and the distribution among breeds, is different from 1959. A 37 percent cut this year in Beltsville-type turkeys is offset by an increase in heavy-breed turkeys, with a consequent increase in the total tonnage. The mid-August price to farmers was 23.8 cents per pound, compared with 21.7 cents for the same month in 1959. They are likely to continue above a year earlier until later this fall. Between mid-October and mid-December last year, prices registered an unusually sharp run-up of 7 cents per pound, which is not likely to be repeated in 1960.

USDA programs are in effect for the purchase of egg solids (dried egg), and frozen ready-to-cook turkey. The chief recipient of products bought under these programs is the National School Lunch Program.

#### OILSEEDS, FATS AND OILS

Oilseed crop prospects improved further during August so that supplies of edible fats, oils, and oilseeds will be only slightly smaller in the 1960-61 marketing year, which begins October 1, than a year ago. Early September indications point to a total supply of edible fats, oils, and oilseeds during 1960-61 of 14.1 billion pounds (oil equivalent), just 0.1 billion pounds less than the record quantity available during the current marketing year just ending. Smaller supplies of lard than a year ago are expected to more than offset the small increase in prospects for cottonseed oil and butter.

The quantity of food fats and oils available in 1960-61 would permit exports nearly as large as the record 3.8 billion pounds estimated to have been shipped abroad in 1959-60. Soybean exports are expected to be around the record 138 million bushels now indicated for 1959-60. Exports of soybean and cottonseed oil also will continue strong and probably will not differ greatly from the record 1,450 million pounds estimated for 1959-60. Lard exports and shipments are expected to drop sharply from a year earlier as higher U. S. prices lessen our competitive position in world markets. Thus it appears that there will be fairly close balance between our exportable supplies of all food fats in 1960-61 and export demand.

Farm prices of soybeans likely will decline during the heavy harvesting season averaging a little below the \$1.97 per bushel received during the fall of 1959. If crusher and export demand turns out as strong as now expected soybean prices later in the 1960-61 marketing year probably will show a fairly good seasonal rise.

Prices to farmers for 1960 crop cottonseed are expected to average slightly above the 1960 CCC purchase price of \$34.00 per ton, basis grade (100) and may about equal last season's average of \$38.80.

Flaxseed supplies in 1960-61 appear to be in fairly close balance with probable demand. Total supply of flaxseed is placed at 33 million bushels compared with 37 million last year. Production of 1960 crop flaxseed is estimated at 29.9 million bushels, up nearly a third from last year's short crop. A flaxseed supply of this size would be slightly more than domestic requirements, but the remainder should move into export channels. Prices to farmers will average well above the 1960 support price of \$2.38, but below the \$3.02 per bushels received last year.

#### FEED

A generally favorably growing season for 1960 feed grain crops through early September practically assures another record supply of feed grains for 1960-61. Total feed grain production was estimated in September at 162 million tons, only 3 million below the record output of last year. This big crop plus another record carryover would give a feed grain supply 3 percent over the 1959-60 supply. Feed grain consumption increased to a record level in 1959-60, 5 percent over 1958-59. In the past 5 years, domestic use has gone up 32 million tons or nearly 30 percent. Exports have more than doubled to a record high of 12.8 in 1959-60. The indicated production for 1960 would be sufficient to maintain disappearance at the current high rate and leave a little larger carryover at the close of the 1960-61 marketing year. While forage supplies, per animal unit, are estimated to be below average they are adequate for the livestock to be fed in most areas of the country.



The 1960 corn crop was estimated in September at close to 4.2 billion bushels and the total corn supply at about 6 billion bushels. The 1960 crop would be about 4 percent below the record output last year but well above production in any previous year. Development of the crop in the Corn Belt continues to lag and even normal fall weather would result in more than usual frost damage to corn.

Another record supply of sorghum grain is in prospect for 1960-61, 8 percent over 1959-60. The oats supply is slightly above the supply in 1959-60, which was the smallest in 15 years. The barley supply is estimated to be about 5 percent below last year, but above the 5-year average.

Exports of feed grains have fallen below the high level of a year earlier during this spring and summer. The total for the 1959-60 marketing year is expected to at least equal the record exports in 1958-59.

Feed grain prices averaged 5 percent lower in August than a year earlier and they probably will continue a little lower this fall based on current prospects for large supplies and fewer hogs and poultry to be fed. During 1959-60, oat prices were relatively high, averaging about 20 percent above corn after adjusting for feeding value, while sorghum grain prices have been relatively low. This situation is expected to continue in 1960-61 in view of the short oat supplies and another big crop of sorghum grain. Wholesale prices of high-protein feeds have declined since last January and in August they averaged 7 percent lower than a year earlier.

Generally lower feed prices this summer have been accompanied by higher prices for a number of the livestock and livestock products. The hog-corn price ratio in August, based on prices received by farmers, was 7 percent above the 10-year average and much more favorable to hog producers than a year ago. Feed price ratios also are more favorable to poultrymen than a year ago, and continue well above average for dairymen.

#### WHEAT

Prices of most classes of wheat are holding fairly close to the effective support, even though the 1960 crop is the second largest on record. The current market strength is principally the result of the large quantities being placed under loan, other withholding of wheat by farmers, and large export sales. Through August, 252 million bushels of wheat had been placed under price support, a record or near record for this date. This compares with 174 million bushels put under support from the 1959 crop through August 31 and 238 million through August 25 from the record 1958 crop.

On September 19, wheat prices in Texas and Oklahoma, states supplying the Gulf, were above the net loan, while prices of No. 2 Hard Red Winter, ordinary protein, at Kansas City at \$1.96 were only 4 cents under the effective loan (announced loan of \$2.07 less 7 cents for storage), with prices above on all proteins. At Minneapolis, No. 1 Dark Northern Spring was only 1 cent below the effect support. By comparison, in mid-September 1959, Hard Red Winter at



Kansas City was 6 cents under effective support while Hard Red Spring at Minneapolis was 2 cents above. No. 2 Soft Red Winter at St. Louis was 8 cents below the effective support on September 19, compared with 7 cents below that level a year earlier. No. 1 Soft White at Portland was 8 cents above effective support on that date. A year earlier it was about the same as the effective support.

The total wheat supply at the beginning of the 1960-61 marketing year was 2,688 million bushels, 258 million above the record supply last year. The increased supply is principally due to the larger 1960 crop which is currently estimated at 1,368 million bushels, 240 million larger than that produced in 1959. The remaining 18-million bushel increase in supply was due to the larger July 1 carryover which totaled 1,313 million. An estimated 7 million bushels are allowed for imports in the 1960-61 supply, the same as imported in 1959-60.

Domestic disappearance in 1960-61 is estimated at about 610 million bushels, about the same as last year. This leaves about 2,080 million bushels for export during the marketing year and carryover July 1, 1961. Assuming exports of 525 million bushels, which is slightly larger than last year's 512 million, the July 1, 1961 carryover would total about 1,555 million bushels.

#### FRUIT

Prices received by growers for most fruits on the fresh markets averaged somewhat higher during early September than a year earlier, partly the result of lighter supplies. Prices for pears, Italian prunes, and Valencia oranges were up sharply from a year earlier, while prices for peaches were about the same. Supplies of most fruits are expected to remain lighter, and prices probably will continue higher during early fall than in the same time of 1959.

During August, prospects for the 1960 peach crop improved, pointing to slightly larger production than in 1959. But prospects for apples, pears and grapes declined, pointing to production of each crop somewhat below last year. Prospective production of cranberries is about 4 percent above the record 1959 crop. Total production of deciduous fruits is still expected to be down about 7 percent from the large 1959 crop but 3 percent above the 1949-58 average. Increases in pecans and walnuts are expected to offset decreases in almonds and filberts, resulting in total production of edible tree nuts equal to the 1959 record and 15 percent above average.

Prospects for the 1960-61 citrus crop declined because of damage to the Florida crop by hurricane Donna on September 10 and 11. Early reports indicated a possible loss of 25 to 35 percent of the State's grapefruit crop, with seedless varieties damaged the most. Orange and tangerine losses may run from 5 to 10 percent. Many ripening grapefruit and some oranges were blown to the ground. Salvage of windfall fruit for juice will not be feasible because of immaturity of the fruit. Although heavy loss of fruit occurred along the



path of the hurricane, loss is reported to be light in the Indian River area and in Pinellas County, where about one-fourth of the grapefruit crop and one-tenth of the oranges are grown. In southern Florida, the same hurricane also caused heavy damage to avocado trees and blew off practically all of the fruit.

Elsewhere, on September 1, 1960, prospects for oranges in California and Arizona were not as good as a year earlier; in Texas they were about the same as a year earlier. For grapefruit, prospects were better than a year earlier in Texas and California, but not as good in Arizona. The first official forecast of the 1960-61 citrus crop will be released in the October crop report.

Stocks of frozen orange concentrate held by Florida packers in early September were much smaller than comparable stocks in 1959. But stocks of canned single-strength citrus juices were considerably larger than in 1959. Total cold-storage stocks of frozen deciduous fruits and berries (excluding juices) on September 1, 1960 were 8 percent smaller than a year earlier.

## COMMERCIAL VEGETABLES

### For Fresh Market

Early estimates for crops which make up about four-fifths the total fall production indicate that supplies of fresh market vegetables this fall are likely to be moderately larger than in 1959, but a little below the 1949-58 average. Early fall cabbage and cauliflower production is substantially larger than last year's short crops and contributes heavily to the increase over last year. But early September indications were that fall production of celery, early fall spinach, snap beans and cucumbers are also larger than last fall. Prospective production of carrots, and early fall lettuce and tomatoes is smaller than a year ago. On September 10 and 11, excessive rains, accompanying hurricane Donna, damaged young plants in important producing areas in South Florida, and caused some damage in more northern areas near the East Coast. Heaviest loss of acreage was in late fall tomatoes. There was also considerable damage and loss of cucumbers and green peppers, but much of the cucumber acreage probably will be replanted. If total fall supplies of fresh market vegetables are about as indicated, prices received by growers are likely to average moderately below those of last fall.

### For Processing

Carryover stocks of both canned and frozen vegetables at the beginning of the current marketing season were somewhat smaller than a year ago. Indicated production of vegetables for processing is only slightly larger than last year. Production of green peas for processing was 8 percent smaller than a year ago, winter and spring spinach 1 percent smaller, and prospective



production of sweet corn is down 8 percent. However, these decreases are more than offset by increases of 26 percent for green lima beans, 16 percent for snap beans, 5 percent for beets, and 30 percent for contract cabbage for kraut, and 6 percent for tomatoes. If indicated production materializes, the total pack of canned vegetables is expected to be about the same to slightly larger than a year ago, and the frozen pack at least moderately larger. Such packs together with smaller carryover stocks would mean moderately smaller supplies of canned vegetables this season than last, but the same or a little more frozen vegetables. Consumer demand is expected to remain strong, and both packer and retail prices of processed vegetables this fall are expected to average above those of a year earlier when demand was dull.

#### POTATOES AND SWEETPOTATOES

Supplies of potatoes during the fall and winter are expected to be a little larger than those of a year ago. Indicated production of the important fall crop at 172 million hundredweight is 4 percent larger than last year and a tenth above average. Production in the 8 Eastern States, forecast at 63 million hundredweight, is 9 percent above last year; in the 9 Central States the expected production, at 42 million hundredweight, is 2 percent above 1959 and in the 9 Western States the outlook is for a crop of 67 million hundredweight, 1 percent above 1959. For the week ended September 10, f. o. b. prices at Western shipping points averaged well above those of a year earlier, but prices at Eastern points were generally lower. Indicated acreage of potatoes for winter harvest is slightly smaller than last winter.

Sweetpotato supplies in the current marketing season are expected to be about a fifth smaller than those of both last season and average. Prices to growers and at retail are likely to average moderately to substantially above the levels of a year earlier.

#### COTTON

The supply of cotton in the United States during the 1960-61 year is estimated at about 22.2 million running bales. This is about 1.4 million bales smaller than the supply during the preceding season. Most of the decline is being caused by smaller starting carryover which was down 1.3 million bales from a year earlier. The 1960 crop is expected to be about the same size as the crop of 1959, about 14.5 million running bales.

The carryover on August 1, 1961 is not expected to be greatly different from that of 1960, about 7.6 million bales. Disappearance is expected to decline about the same amount as supply. Estimated disappearance of approximately 14.5 million bales in the 1960-61 marketing year probably will about balance the 1960 crop.



Exports during the current season are expected to be about 5.5 to 6 million bales and the domestic mill consumption around 8 3/4 million. These figures compare with 7.2 and 9 million bales respectively during 1959-60. Current registrations under the payment-in-kind program for the 1960-61 season total about 1.6 million as of September 9, less than 200,000 bales smaller than registrations a year earlier. Cotton authorized for export under Government financing programs in the 1960-61 fiscal year totaled about 1.7 million bales and was valued at \$260 million as of September 6. Additional authorizations may be made later. During the entire 1959-60 fiscal year about 1.4 million bales were exported under such programs.

On August 1, 1960 CCC held (owned and held as collateral against outstanding price support loans) about 5.5 million bales. A year earlier CCC held about 7 million bales. The CCC held stocks on August 1 represented about two-thirds of the 1960 carryover. A year earlier CCC held about 79 percent of the total carryover.

The average 14 spot market price for Middling 1-inch cotton in August was 30.75 cents per pound. This compares with 31.95 cents per pound in August 1959. The lower price reflects in part the lower support level for the current crop. The Choice B loan rate at the 14 markets for Middling 1-inch cotton during the current season is 26.92 cents per pound. During the 1959-60 marketing year it was 28.40 cents per pound.

#### WOOL

The 1960-61 Australian wool auctions opened the last week in August. Prices at Sidney were about 5 percent less than at the close of the 1959-60 season in early July. During early September prices were holding relatively firm at approximately opening levels, but they were about 15 percent less than a year ago. The South African auctions opened on September 1 with prices about 15 percent below those at the auction close at the end of May. These markets had closed before the 5 to 10 percent downward adjustment in world prices had occurred in late June and early July. Demand has been relatively strong at both auctions. Prices can be expected to hold at about the current levels for the next month or two as buyers and sellers wait for patterns in world prices to develop.

On the domestic market little, if any, activity has been reported at the local levels in recent weeks. The demand has been for the fine and half-blood wools in contrast to the earlier demand for the medium wools. Prices of these finer wools have been slightly higher than a month ago.

The average price received by farmers for shorn wool during August 1960 was 41.0 cents per pound. This was down from the 42.8 cents received in July 1960 and also less than the 43.7 cents received in August 1959.

U. S. mill consumption of raw wool during January-July 1960 totaled 243.7 million pounds, scoured basis, about 5 percent less than the same period



a year earlier. Apparel wool mill use amounted to 150.2 million pounds, 6 percent less than a year ago. Carpet wool use totaled 93.5 million pounds, 3 percent less than the first 7 months of last year.

The seasonally adjusted average weekly rate of apparel wool mill use for July 1960 was 4,721 thousand pounds, 1 percent less than in June 1960 and 11 percent less than in July 1959. The seasonally adjusted average weekly rate of carpet wool mill consumption in July 1960 was 3,259 thousand pounds, 14 percent more than in June 1960 but 8 percent less than in July 1959.

Imports of raw wool for mill consumption during January-July 1960 totaled 146.0 million pounds, clean content, 24 percent less than the first 7 months of 1959. Dutiable wool imports amounted to 48.9 million pounds, duty-free wool imports totaled 97.1 million pounds, 26 and 23 percent, respectively, less than in January-July 1959.

The incentive level for shorn wool for the 1961 marketing year, which begins April 1, 1961, was established at 62 cents per pound. This is the same as for the first 6 years of the program under the National Wool Act. A mohair support price of 73 cents for the 1961 marketing season was also announced. This is 3 cents more than for the first 6 years. The support price for mohair is based on the relationship of the wool and mohair parity prices. As a result of the greater increase in the parity price for mohair than for wool this past year, an increase in the mohair support price was necessary.

Estimated consumption of raw wool in the 10 chief wool manufacturing countries of the free world totaled 512 million pounds, clean basis, during April-June 1960. This is about equal to the second quarter of 1959, but about 4 percent less than the first quarter of 1960. Mill use during April-June 1960 was more than the second quarter of 1959 in all of the 10 countries except the United States, the United Kingdom, and the Netherlands. The largest increase occurred in Japan and Italy. Japan and Australia were the only countries showing increases from the first quarter to the second quarter of 1960.

#### TOBACCO

About one-half of the 1960 flue-cured crop was marketed by mid-September. The marketing season is finished in Georgia-Florida and approaching the end in the South Carolina-North Carolina Border Belt. At the Georgia-Florida auctions, the volume sold was 13 percent greater than in 1959, and prices averaged  $56\frac{1}{2}$  cents per pound--2 percent less than a year ago. In the Border Belt through mid-September, the volume of leaf sold was about 7 percent ahead of the comparable 1959 sales period and prices averaged 61 cents--about 2 percent below a year ago. Auctions are now in full swing in the Eastern North Carolina Belt and in the Middle Belt. Through mid-September prices in the Eastern Belt averaged 58 cents per pound, about 1 percent above a year earlier; prices in the Middle Belt averaged nearly 59 cents per pound, 4 percent more than a year earlier. Old Belt markets in Virginia and North Carolina opened September 19. Prices for early sales averaged above early season prices last year.



Thus far, a little over 3 percent of the market deliveries have been placed under Government loan. About 5 percent of the 1959 flue-cured crop went under Government loan.

The 1960 flue-cured crop estimated as of September 1 at 1,203 million pounds is 11 percent larger than last year's harvestings. Carryover on July 1 at 2,106 million pounds was 5 percent below a year earlier. The 1960-61 total supply--carryover plus this year's crop--is slightly above 1959-60, but a tenth below the peak 4 years ago.

Cigarette output in June 1960 was the largest on record and for the first half of 1960 was 6.8 percent above the first half of 1959. Output of cigars and cigarillos in the first half of 1960 was nearly  $5\frac{1}{2}$  percent above the comparable period in 1959. Output of smoking tobacco and snuff were up about 2 and  $5\frac{1}{2}$  percent, respectively, but output of chewing tobacco declined over  $3\frac{1}{2}$  percent.

Exports of unmanufactured tobacco during January-July 1960 were  $6\frac{1}{2}$  percent lower than in the same months of 1959. Exports of tobacco will increase seasonally during the months ahead as large shipments are made from the new crop of flue-cured, the major export tobacco.

As of September 1, burley production was indicated to be 482 million pounds--4 percent below last year's crop. Carryover of burley on October 1 is expected to be smaller than last October and, thus, total supply for 1960-61 will be less than for 1959-60.

Indications for other kinds of tobacco are that the 1960 crops of fire-cured, dark air-cured, and cigar filler tobacco will be smaller than last year's crops. The 1960 Maryland crop is indicated to be about the same size as last year. Little change is indicated in the production of Connecticut Valley cigar binder but production of Wisconsin binder may be the largest in 10 years. Production of shade grown wrapper is likely to be a record high and carryover is also above any previous year.

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